Guggenheim MUSEUM

Statement of Maria Pallante
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Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary
U.S. House of Representatives
March 8th, 2006

Re: Orphan Works

Chairman Smith, Ranking Member Berman and Members of the Subcommittee:

Thank you for the opportunity to address the important issue of orphan works. It is my honor to be here today on behalf of a broad constituency of copyright users.

I am Associate General Counsel and Director of Licensing of the Solomon R. Guggenheim Foundation in New York, a nonprofit, education corporation which oversees five art institutions and is commonly and collectively referred to as the "Guggenheim Museum." Like most museums, the Guggenheim has both an educational and charitable purpose: to educate the public about art, architecture and other manifestations of visual culture; to collect, preserve and research art objects; and to make them accessible to scholars through our museums, educational programs and publications. The Guggenheim is a tax-exempt, public charity under state and federal law.

My comments today represent the views of both institutional and individual copyright users, including the following, specific organizations: the *American Association of Law Libraries*; the *American Association of Museums*; the *American Council of Learned Societies*; the *American Historical Association*; the *American Library Association*; the *Art Libraries Society of North America*; the *Association of American Universities*; the *Association of Research Libraries;* the *College Art Association; the Medical Library Association*; the *Society of American Archivists*; the *Special Libraries Association*; and the *Visual Resources Association.* Their members include both a wide range of non-profit cultural institutions and a diverse collection of individual creators, scholars, educators and others.[1]

What is especially noteworthy about these comments is the fact that they reflect a broad consensus among copyright constituencies who are disparate and at other times have competing copyright interests: from museums and libraries to publishers and other content owners. We are so pleased that so many parties participating in the Copyright

[1] The supporters of this statement would like to recognize the Glushko-Samuelson Intellectual Property Clinic of Washington College of Law at American University, which under the direction of Professor Peter Jaszi has been instrumental in bringing this issue to the attention of the copyright community and in bringing interested parties together. Clinic students Lauren Bocanegra and Corie Wright assisted in the preparation of this statement.

Office proceeding recognized the problems raised by orphan works and that so many of us have largely agreed on how best to address that problem through an amendment to the Copyright Act.

My colleagues and I would like to recognize the Copyright Office for its tremendous contribution to the copyright community in producing the Report on Orphan Works. The staff's extensive work on this issue (including its collection and synthesis of public comments, facilitation of round-tables and informal meetings, legal study and written analysis) is commendable.

On balance, we found the Report to be accurate, insightful and comprehensive; we have remarkably little disagreement with its findings. On many points, we – and the large majority of the parties who commented during the proceedings – agree completely. For example, we support the conclusion that a solution to orphan works must be, as far as possible, coextensive with the problem. We embrace the recommendation that standards of due diligence in locating the owner of a copyrighted work must be general and flexible, so as to apply to multiple types of works, uses and industry practices. We applaud the conclusion that, in order to be meaningful, orphan works must include unpublished works as well as works of foreign origin. We support the decision that actual and statutory damages should be unavailable to a copyright owner who brings an action for infringement, provided the user has engaged in an unsuccessful, good faith, due diligence search. These are complex but critical points and, in our view, the Copyright Office got them exactly right.

Our comments here turn on the few areas in which we believe there is room for improvement--- areas where the Report's conclusions or the Copyright Office's recommended statutory language fall short of achieving the goals that we all believe the legislation should serve: helping to make cultural heritage more broadly available to the public, and promoting new uses of works that have fallen out of the information marketplace.

We recognize that orphan works legislation is a complicated undertaking which requires consideration of many diverse constituencies. Although there is a broad consensus in favor of the Report's conclusions, we know that some individual creators – including photographers, illustrators and graphic artists – have raised concerns about the proposal to limit the remedies available for uses of orphan works. We have had several conversations with representatives of this important community in an effort to better understand those concerns and consider how they may be addressed. We look forward to working with these individual creators as the legislative process progresses.

The importance to our communities of crafting an amendment to facilitate uses of orphan works cannot be understated. The Copyright Office approach, if clarified and modified along the lines discussed below, will directly affect the intellectual, historical and cultural life of all Americans. It will improve the work of individual artists, writers and filmmakers, as well as scholars, historians, librarians, archivists and curators, who regularly struggle to balance the rights of missing or unidentifiable copyright holders

with the mission of making letters, manuscripts, photographs and other culturally significant material available to the public. We have discussed our view of legislation with the publishers and the Copyright Office, and I am pleased to report that we are moving productively towards consensus.

We also recognize that while the ability to use orphan works when the owner cannot be found is culturally significant, it is preferable to find the copyright owner where possible. We hope that the development of an orphan works solution will create positive incentives for copyright owners to identify their works – and not let them become orphans. If so, users could find the rights holders and, where needed, obtain their permission for use. To this end, we expect that the limited remedies of the orphan works measure will be invoked infrequently, while the larger result of having less risk in the marketplace will be of enormous benefit to both users and the public.

Our specific suggestions appear below.

1. Reasonable Compensation.

The Report documents the fact that many users forgo positive uses of orphan works because a cloud of uncertainty hangs over them with respect to potential exposure to liability. Likewise, the Report affirms that only a legislative solution that promotes greater certainty will fulfill the goals of orphan works reform.

A central issue considered by the Copyright Office is what remedies would be available to the "parent" of an orphan work who emerges to claim ownership and successfully sues a user for copyright infringement. In these circumstances, many users, including most of those who have endorsed this statement, favored a statutory cap on the damages available to a copyright owner who emerges to claim his or her rights with respect to an orphan work. Unlike the "reasonable compensation" approach put forth by the Copyright Office, a cap would have provided users with a clear maximum for possible exposure.[2] "Reasonable compensation," by contrast, is a flexible formula that has not received extensive interpretation in case law and one that can be assessed from many points of view. Adopting it does leave open the possibility that an orphan works amendment might perpetuate, rather than resolve, uncertainty.

That said, we note that the Copyright Office provides some helpful guidance with respect to the concept of "reasonable compensation." The Report specifically emphasizes that the "burden is on the copyright owner to demonstrate that his work had fair market value," and that it "is not enough for the copyright owner to simply assert the amount for which he would have licensed the work *ex post*; he must have evidence that he or similarly situated copyright owners have actually licensed similar uses for such amount." The Report draws on a useful and applicable opinion of Judge Leval in *Davis v. the Gap,*

[2] Some museums and research institutions went even farther, requesting a complete exemption from liability, albeit for a limited period of time. These institutions felt this was necessary in order to provide sufficient comfort and confidence for instances where they use large numbers of orphan works, many of which are already under their custody and care.

Inc., and suggests a standard of reasonableness. We think that were this standard written into legislation, much of the uncertainty introduced by the concept of "reasonable compensation" would be eliminated. We therefore recommend the following provision be included in the statute, to make it clear how "reasonable compensation" is to be determined:

> The copyright owner has the burden of establishing by competent evidence what a reasonable willing buyer and a reasonable willing seller in the positions of the owner and the infringing user would have agreed with respect to the infringing use of the work immediately prior to the commencement of the infringement.

For clarity's sake, we also urge the Committee to include detailed examples of what might constitute reasonable compensation in the legislative history of orphan works legislation, with particular emphasis on situations where the user is a nonprofit library, museum, archive or university, or an independent scholar, artist or small publisher. Among others things, such examples would demonstrate that it is often the practice of nonprofits and users of works for scholarly purposes to negotiate royalty-free usage. (Indeed, it is not uncommon for the decision to use a particular work to turn on whether it is available for free.) This fact was not lost on the Copyright Office. In its discussion of nonprofits, the Report states, "it should be clear that "reasonable compensation" may, in appropriate circumstances, be found to be zero, or a royalty-free license, if the comparable transactions in the marketplace support such a finding."

This point is of utmost importance to the user community, including libraries, archives and museums, as well as the individual working artist or hobbyist. It is critical not only in situations involving the use of a single orphan, but also in those characterized by large-scale use of multiple works. Large-scale use might include efforts by the Scripps Archives at the University of California to publish hundreds of personal photographs taken by people on oceanic voyages, or efforts by the United States Memorial Holocaust Museum to publish hundreds of personal letters sent from Nazi concentration camps. The Nation's great nonprofit archives, libraries and museums have in their possession vaults of culturally and historically important orphan works like these. As custodians, they care for these works for years at their own expense. In order for institutions to have the confidence to take these works out of storage and put them into the hands of the public, they need a clear indicator that establishing reasonable compensation is not only a responsibility of the copyright owner, but also that it is context-specific; that is, it is tied to specific industry practices.

In particular, legislative history must clarify that the proper calculation of reasonable compensation must encompass the standards of the specific industry in which the use of the orphan work is being made, as well as the market history of the particular work at issue. We do not believe that "reasonable compensation" should be based on the market history of a different, widely-licensed work in the same medium or on the price that was paid for another work that is being used in the same context as the orphan work. For example, reasonable compensation for 50 orphaned photographs from a private family photo album will differ drastically from the value of works by Ansel

Adams, and if all of those photographs and Mr. Adam's works were published in the same book, there should be no suggestion that the licensing fee that might have been paid for the Ansel Adams works is relevant to "reasonable compensation" for the orphaned photographs.

2. Commercial Advantage

In its recommended statutory language, the Copyright Office has proposed a safe harbor from all monetary relief in certain limited instances where the use is made "without any purpose of direct or indirect commercial advantage" and the user "ceases the infringement expeditiously after receiving notice of the claim for infringement."[3] We strongly endorse the intent to offer users complete immunity in certain, publicly-important circumstances. But, we have serious concerns with the phrase "without any purpose of direct or indirect commercial advantage" on which this immunity is conditioned. We therefore require assurances that it will not unduly exclude from the safe harbor the normal use of orphan works by this Nation's libraries, archives, museums, educators, historians, scholars and artists.

The phrase "without any purpose of direct or indirect commercial advantage" already appears several times in the Copyright Act -- somewhat inconsistently. We therefore think it is critical for Congress to provide some clear guidance on what it means in the orphan works context. In our view, the most analogous use of the phrase (and the one that has the most established case law) appears in section 110(4), where it is used to define the exemption for certain public performances of nondramatic literary or musical works. The House Report that accompanied section 110(4) makes clear that the general motivation of the user is the proper perspective in assessing whether the motive is to secure commercial advantage. *Even a performance or exhibition where admission is charged may be exempt provided the amounts left "after deducting the reasonable costs of producing the performance" are used solely for bona fide educational, religious or charitable purposes.* By contrast, courts have disqualified entities that are primarily commercial in purpose, even where the proceeds of the activity at issue may be for charitable purposes.

Museums, libraries, archives, educational institutions, non-profit publishers, academics and independent scholars are expected to educate the public. They do this by studying and writing about artworks, objects and historical material and by publishing their scholarly findings. The publications departments of non-profit institutions are staffed with underpaid writers and editors whose efforts are as critical to those institutions' nonprofit purposes as the exhibitions they display -- arguably more so because they reach many more people. Nonprofits sell publications for the same reason they charge admission fees: to defray the cost of operations and production. Nonprofit institutions in every state are under increasing pressure to be fiscally fit. We do not believe that these institutions should be disqualified from availing themselves of the certainty provided by the safe harbor if they both manage to achieve their missions and cover the expenses of their mission-fulfilling activities.

[3] We address "expeditious" removal in topic number 3 hereof.

In its Report, the Copyright Office appears to disregard these circumstances, and characterizes the concept of "commercial advantage" in a way that appears inconsistent with existing provisions like section 110(4). The Report states that where a "museum essentially acts like a publisher and the infringement consists of selling books, DVDs or other materials," the conduct would not qualify for the exemption and would require the museum to pay reasonable compensation. If allowed to stand, this characterization could have far-reaching consequences for nonprofit institutions and individuals who engage in activity that is essentially scholarly, educational and not undertaken for a commercial motive.

In light of this, we seek reassurances of what we would have hoped was obvious: that the creation and sale of mission-related publications by a museum (or for that matter, the sale of copies by a film archive or journal subscriptions by a nonprofit organization such as a learned society) are uses undertaken "without any purpose of direct or indirect commercial advantage." This can be accomplished by removal of the clause "such as through the sale of copies or phonorecords of the infringed work" from section (b)(1)(A), and the inclusion of clear, illustrative examples of normal nonprofit activities, including mission-related publications and sales, in the legislative history of any amendment to the Copyright Act addressing orphan works.

3. Expeditious Take-Down.

In addition to the condition of noncommercial purpose (described above), the statutory language proposed by the Copyright Office limits its proposed safe harbor to instances where the user "ceases the infringement expeditiously after receiving notice of the claim for infringement." We are concerned that this language, as written, fails to adequately address the common manner in which copyright infringement claims are made and received.

In practice, claims of ownership can be extremely complex and difficult to assess. Sometimes claims are made mistakenly or even falsely (by persons with questionable authority or motives). In these cases, a user must very carefully balance the claimant's alleged interests with the integrity, reputation and interests of his institution or affiliation. All too frequently, claims contain insufficient information (about topics such as date of creation, place of origin, or publication history), and the institution must request more detail from the claimant. Alternatively, claims may contain information that is complex and requires confirmation from foreign cities or other affected parties. Such assessments take time, and users are often caught in a waiting game. If it is to serve its purpose, orphan works legislation should recognize these realities.

Because the point of a safe harbor is to truly protect users and give them some degree of confidence in the use of orphan works, we suggest the user be held to a reasonable standard. It is our view that the infringer must cease the infringement "as expeditiously as is practicable under the circumstances after receiving notice of the claim for infringement." The user should not be forced to destroy a website or publication prematurely upon receipt of a mere demand, before the claimant has produced adequate factual information. It should be made clear that users are allowed to assess the merits of

any claim, in accordance with ordinary, reasonable practices, before ceasing infringement.

4. Orphan Works Incorporated in Other Copyrighted Works.

Orphan works will often, perhaps most frequently, be used in other works. A photograph or letter may be used in a book or a documentary motion picture. A museum may include all types of copyrighted works in connection with an on-line exhibition or on a website demonstrating the breadth of its archives.

In these situations, a user may well decide to incorporate the orphan work into another work based on having determined that there was no identifiable rights owner and that the work has been orphaned. If the copyright owner should emerge and sue for infringement, an injunction prohibiting such uses after that decision is made – barring the distribution of the book or motion picture or the maintenance and availability of the website – would often be disastrous for the user and the public. For this reason, we support the Report's conclusion that the availability of injunctions against qualified users who incorporate orphan works into other works of authorship should be very limited. On the one hand, users here have relied on the availability of the orphan work. On the other hand, they have invested resources to create the larger work of which the orphan is one part. The only injunction that should be available is one that would require the payment of "reasonable compensation," as discussed above.

In delineating this limitation on injunctive relief, it also is important to avoid any restrictive characterization of what new work can qualify or of how the orphan work must be transformed or recast. It should be enough that the orphan work is adapted for or incorporated into another work that is itself copyrightable. Any other approach will create metaphysical uncertainties with respect to the quantum of transformation of, or expression added to, the orphan work that is a prerequisite for the limited injunction. In other words, it should simply be enough for the user to have incorporated the orphan work into another work of authorship.

5. Attribution of Authors and Copyright Owners.

With respect to attribution, we support the premise that users should credit authors, when known, but disagree that users should credit copyright owners. Author attribution, has a scholarly context. The world of libraries, archives, museums, educators, historians and other scholars is one that turns on intellectual honesty. We routinely credit the authorship of others, when known, in the ordinary course of our exhibitions, publications, documentaries and scholarship. We therefore support the Copyright Office's view that users should credit authors, when known. We note that providing such attribution may ultimately lead to owners being reunited, so to speak, with works that have been lost or discarded over time – as, for example, when descendents see a credit to their predecessor's authorship. This, in fact, will help create markets for authors, where before there were none.

Attribution of copyright ownership is another matter, however. Determining ownership has a complex legal context; especially given the fact that our law allows for

free transfers of any copyright rights without formality, notice or any other sign visible to the public. In the typical orphan works scenario, as documented by the Copyright Office, the original authors of works may well be reasonably ascertainable, but the owner of the precise copyright at issue will be unlocatable as a rule; identifying them, therefore, will be a matter of guesswork at best. We believe that an obligation to attribute orphan works to copyright owners places an unjustified burden on users, and that the lack of verification will lead to confusion among subsequent users who may rely on such an attribution to their detriment.

6. Sunset.

The integrity and the usefulness of a statutory amendment to limit remedies for uses of orphan works will be compromised if allowed to expire in 10 years, as recommended by the Copyright Office. The practical effect of a sunset clause will be to cause uncertainty and trepidation in the copyright community, the very thing we are hoping to reduce. Still, we agree with, and support, a basic premise that it is important to continue the study of orphan works, particularly as technology continues to evolve. We therefore oppose a sunset provision, but strongly recommend that the Copyright Office produce a follow-up study to its Report, within 7 years of the passage of legislation.

Conclusion

Mr. Chairman, in closing, I wish to thank you and the Subcommittee for the opportunity to share my views on orphan works legislation. Your leadership on the issue is greatly appreciated by the museums, libraries, archives, educators, historians and other scholars of this country. I invite you to call upon me again if I can be of any further assistance.

MARIA PALLANTE

Appendix Enclosed: Summary of Supporting Organizations

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APPENDIX

Summary of Supporting Organizations

1. The American Association of Law Libraries ("AALL") is a not-for-profit educational organization with over 5,000 members nationwide. AALL's mission is to promote and enhance the value of law libraries to the legal and public communities, to foster the profession of law librarianship, and to provide leadership in the field of legal information and information policy.

2. The American Association of Museums ("AAM") is the national service organization representing the American museum community. Since its founding in 1906, AAM has grown to more than 19,800 members, including more than 13,500 individual members, 3,100 corporate members, and more than 2,800 museums. The AAM's mission is to enhance the value of museums to their communities through leadership, advocacy and service.

3. The American Council of Learned Societies ("ACLS") is a federation of 68 scholarly organizations in the humanities and social sciences. The Council seeks to advance humanistic studies in all fields of learning.

4. The American Historical Association ("AHA") was founded in 1884 and incorporated by Congress in 1889 for the promotion of historical studies, the collection and preservation of historical documents and artifacts, and the dissemination of historical research. The AHA currently serves more than 14,000 historians and 2,000 academic and historical institutions.

5. The American Library Association ("ALA") is the oldest and largest library association in the world, with over 66,000 members representing school, public and academic libraries as well as library trustees and friends-of-libraries. ALA is dedicated to the improvement of library and information services and the public's right to a free and open information society.

6. The Art Libraries Society of North America ("ARLIS/NA") is a growing, dynamic organization promoting the interests of nearly 1,000 members. The membership includes architecture and art librarians, visual resources professionals, artists, curators, educators, publishers, and others interested in visual arts information. To serve this diverse constituency, the Society provides a wide range of programs and services within an organizational structure that promotes participation at all levels.

7. The Association of American Universities ("AAU") is an organization of 62 major public and private research universities. The mission of AAU is to provide a forum for the development and implementation of institutional and national policies promoting high-quality programs of research and scholarship and graduate and undergraduate education.

8. The Association of Research Libraries ("ARL") is a not-for-profit association of 123 research libraries in North America. ARL's mission is to influence the changing environment of scholarly communication and the policies that affect research libraries and the communities they serve.

9. The College Art Association ("CAA") is a nonprofit membership organization representing more than 13,000 practitioners and interpreters of visual art and culture, including artists and scholars, who join together to cultivate the ongoing understanding of art as a fundamental form of human expression. Representing its members' professional needs, CAA is committed to the highest professional and ethical standards of scholarship, creativity, connoisseurship, criticism, and teaching.

10. The Medical Library Association ("MLA") is a not-for-profit educational organization of more than 900 institutions and 3,800 individual members in the health sciences information field committed to educating health information professionals, supporting health information research, promoting access to the world's health sciences information, and working to ensure that the best health information is available to all.

11. The Society of American Archivists ("SAA") provides services to, and represents the professional interests of, more than 4,500 individual archivists and institutions as they work to identify, preserve, and ensure access to the nation's historical record.

12. The Special Libraries Association ("SLA") is a not-for-profit, educational organization serving more than 12,000 members of the information profession, including corporate, academic, and government information specialists.

13. The Visual Resources Association ("VRA") is a multi-disciplinary community of image management professionals working in educational and cultural heritage environments. The Association is committed to providing leadership in the field, developing and advocating standards, and providing educational tools and opportunities for its members."